## Neg

### 1NC—Growth DA

#### Uniqueness and Link – US hegemony is preeminent now, but avoiding *strong SOE’s* and *investment growth in China* and will prove key.

Tellis ‘14

(Ashley J., senior associate at the Carnegie Endowment for International Peace, specializing in international security, defense, and Asian strategic issues, “Balancing Without Containment: An American Strategy for Managing China,” <http://carnegieendowment.org/files/balancing_without_containment.pdf>)

All these realities—being a continental-sized power, possessing a gigantic and technologically improving economy, enjoying superior rates of relative economic growth, having a strategically advantageous location, and rapidly acquiring formidable military capabili - ties—add up quickly to make China a far more consequential rival to the United States than any Washington has faced in the past. Although U.S. officials are bashful about describing China plainly as a geopolitical threat, there is little doubt that they recognize the possibility of a coming power transition, with all its attendant dangers. Because of the perennial arguments among liberals, realists, and neoconservatives, there is no agree - ment in Washington about what the implications of this transition might be. Yet it is precisely this contingency that U.S. grand strategy should aim to thwart because American primacy has been beneficial for the international system and, even more importantly, for the United States itself. Preserving this preeminence, accordingly, remains the central task for U.S. policymakers today. Devising a strategy that is equal to this responsibility must begin with an acknowledgment of both the significance and the complexity of the challenge given China's deep enmeshment with the world. There is no better way to begin this assessment than by recognizing that globalization in the postwar period has spawned uneven gains that have produced in China a new competitor to the United States. This most recent bout of international integration has been reinvigorated and nurtured by American hegemony, understood simply as possessing more comprehensive power than any other state and being willing to use that power to structure the global order in certain ways. Beijing's continuing ascent in these circumstances creates a difficult dilemma for Washington: unlike previous great powers that rose largely through autarkic means, China has grown rapidly because it has benefited disproportionately from American investments in sustaining a liberal international economic order. China, admittedly, is not alone in this regard. Many other European and Asian states have enjoyed economic Devitalization in the postwar period because of their integration into the multilateral trading system underwritten by American power. But China has experienced disproportionately greater gains than the United States and others because its native comparative advantages have been magnified through three distinctive poli - cies. First, Beijing has opted to maintain a domestic economy characterized by significant protectionist components even as it has pursued an investment-driven, export-led growth strategy that exploits the free access available to the more open economies of the developed world. 22 Second, the dominant role of the Chinese state in economic decisionmaking has permitted the government to control critical factors of production, such as land and capital, maintain advantageous exchange rates, and sustain huge state-owned enterprises, which in their totality have enabled China to advance nationalist aims beyond simply allocative efficiency and the increased welfare of its population. 23 And third, the consistent and systematic targeting of foreign intellectual property on a gigantic scale has advanced China’s industrial policy goals, which emphasize the speedy acquisition of advanced technologies by both legitimate and illegitimate means in order to accelerate Chinese growth vis-à-vis other rivals in the international system. 24 All these elements operating in unison have raised China’s level of development, which in turn has helped increase American welfare through trade—but at the cost of embodying a rising challenge to U.S. power. However, it is by no means inevitable that China will continue to rise to the point where it becomes a genuine peer competitor of the United States. Although China has experienced meteoric economic growth in recent decades, the Chinese state has manifold weaknesses. It grapples with the prospect of adverse demographic transitions, contradictions between Beijing’s command polity and pseudo-liberal economy, and an unbalanced growth strategy that emphasizes overinvestment at the cost of domestic consumption. These weaknesses may yet take their toll, leading to either a collapse of China’s hitherto relentless expansion or its severe moderation.

(Note: “SOE’s” are “State-Owned Enterprises”.

#### US review blocks Chinese SOE’s now. Post-plan, China will be positioned to expand their State-run interests.

Chow ‘15

Daniel C.K. Chow - Professor of Law at The Ohio State University Moritz College of Law. “WHY CHINA WANTS A BILATERAL INVESTMENT TREATY WITH THE UNITED STATES” - BOSTON UNIVERSITY INTERNATIONAL LAW JOURNAL, Volume 33 – available at: https://www.bu.edu/ilj/files/2015/04/Chow-Why-China-Wants-a-Bilateral-Investment-Treaty.pdf

First, a BIT may allow China to expand the reach and influence of China's SOEs, which are likely to benefit most from the BIT. China has a national policy of promoting SOEs to become "national champions" that can compete with the world's largest multinational companies. Three of the ten largest companies by revenue in Fortune's Global 500 are from China.33 Furthermore, China leads the list of newcomers to the Global 500 in 2014 with seven of the twenty-three new companies.34 U.S. federal laws subject FDI by Chinese SOEs to scrutiny and allow the United States to block such investments unilaterally to protect U.S. national interests.35 In addition. U.S. politicians can informally pressure U.S. and Chinese companies to abandon various FDI projects. For example, in 2005, the U.S. Congress, citing national security concerns, pressured a Chinese state-owned oil company to withdraw its bid to purchase Unocal, a U.S. energy company.36 The United States' concern is that SOEs, as instruments of the State and the Communist Party, make their decisions in accordance with policy goals of the State-Party, which may threaten the economic viability of U.S. firms at home and abroad. China asserts, on the other hand, that SOEs make decisions based solely on commercial considerations.38 Part LB will examine this issue in further detail.39 For now, it is important to emphasize that once China enters into a BIT with the United States, it could become more difficult for the U.S. government to block FDI by Chinese SOEs in the United States. Under the 2012 Model BIT, used by the United States in negotiating all of its BITs, China will acquire rights and protections not currently enjoyed under U.S. law.40 These new rights and protections could prevent the United States from unilaterally blocking FDI projects by Chinese SOEs.41 Moreover, not only does the Model BIT contain important new rights and protections for foreign investors, but it also offers a dispute resolution mechanism in which the International Center for the Settlement of Investment Disputes ("ICSID"), an international tribunal, resolves investment disputes through binding arbitration.42 In other words, while the United States currently has the final say on whether to approve a Chinese investment (just as the Chinese government has the final say over FDI in China), once a U.S.-China BIT is effectuated, the final determination could be in the hands of a neutral international tribunal.

(Note: “SOE’s” are “State-Owned Enterprises”. “FDI” is “Foreign Direct Investment”)

#### Economic growth allows China to leverage power against the US. That erodes US hegemony and turns the Aff by increasing tensions.

Tellis ‘14

(Ashley J., senior associate at the Carnegie Endowment for International Peace, specializing in international security, defense, and Asian strategic issues, “Balancing Without Containment: An American Strategy for Managing China,” <http://carnegieendowment.org/files/balancing_without_containment.pdf>)

Although American mistrust of China is perhaps not as acute—at least right now, given the U.S. advantages in relative power—there is little doubt that significant anxieties persist because of challenges in diverse areas ranging from economic relations to military operations to alliances and geopolitics. As China’s power continues to grow, the discordance between Washington and Beijing in these and many other areas will likely be aggravated, thus intensifying the competition between the two countries. As Aaron Friedberg summarized it succinctly, “the United States and the People’s Republic of China are today **locked in a quiet but increasingly intense struggle for power** and influence, not only in Asia but around the world.”5 When all is said and done, this deepening Sino-American power-political competition derives fundamentally from the fact that both nations find themselves trapped in inescapable opposition. The United States seeks to protect its global hegemony—as it must, if it is to advance its varied national interests—while rising Chinese power is oriented toward eroding that U.S. primacy, which remains the most dangerous external constraint on Beijing’s ability to use its steadily accumulating power to reshape the extant political order to serve its own interests. This rivalry is manifested in diverse ways, from contests over control of the Asian rimlands and the Indo-Pacific to ideological competition over different models of state-society relations. It is ultimately rooted, however, in material factors, namely what Robert Gilpin has called “the uneven growth of power among the dominant states in the [international] system.”6 Power, in this context, is a multidimensional phenomenon. It refers to the ability of a state to protect its freedom of action through the possession of superior economic capabilities that in turn **enable the production of requisite military strength**. These twin foundations allow a state to acquire the other trappings of power, such as the ability to attract and protect friends and allies, secure a seat at the high tables of international governance, and popularize ideologies that help to secure international acceptance of its standing. China’s expanding economy, which has grown at an average of some 10 percent of gross national product (GNP) annually during the past thirty-odd years, has enabled it to become the new global power most capable of challenging U.S. primacy. Shorn of all subtlety, Beijing’s rise poses a special problem for U.S. interests because it threatens a possible power transition at the core of the global system. If China continues to grow at higher rates than the United States well into the future, it could in time displace Washington as the most important entity worldwide and threaten the postwar international order that has been built and maintained by preeminent American power.7

US hegemony prevents escalating global wars

Keck, ‘14

(Zachary, Managing Editor of the Diplomat, “America’s Relative Decline: Should We Panic?” <http://thediplomat.com/2014/01/americas-relative-decline-should-we-panic/>)

Still, on balance, the U.S. has been a positive force in the world, especially for a unipolar power. Certainly, it’s hard to imagine many other countries acting as benignly if they possessed the amount of relative power America had at the end of the Cold War. Indeed, the British were not nearly as powerful as the U.S. in the 19th Century and they incorporated most of the globe in their colonial empire. Even when it had to contend with another superpower, Russia occupied half a continent by brutally suppressing its populace. Had the U.S. collapsed and the Soviet Union emerged as the Cold War victor, Western Europe would likely be speaking Russian by now. It’s difficult to imagine China defending a rule-based, open international order if it were a unipolar power, much less making an effort to uphold a minimum level of human rights in the world. Regardless of your opinion on U.S. global leadership over the last two decades, however, there is good reason to fear its relative decline compared with China and other emerging nations. To begin with, hegemonic transition periods have historically been the most destabilizing eras in history. This is not only because of the malign intentions of the rising and established power(s). Even if all the parties have benign, peaceful intentions, the rise of new global powers necessitates revisions to the “rules of the road.” This is nearly impossible to do in any organized fashion given the anarchic nature of the international system, where there is no central authority that can govern interactions between states. We are already starting to see the potential dangers of hegemonic transition periods in the Asia-Pacific (and arguably the Middle East). As China grows more economically and militarily powerful, it has unsurprisingly sought to expand its influence in East Asia. This necessarily has to come at the expense of other powers, which so far has primarily meant the U.S., Japan, Vietnam and the Philippines. Naturally, these powers have sought to resist Chinese encroachments on their territory and influence, and the situation grows more tense with each passing day. Should China eventually emerge as a global power, or should nations in other regions enjoy a similar rise as Kenny suggests, this situation will play itself out elsewhere in the years and decades ahead. All of this highlights some of the advantages of a unipolar system. Namely, although the U.S. has asserted military force quite frequently in the post-Cold War era, it has only fought weak powers and thus its wars have been fairly limited in terms of the number of casualties involved. At the same time, America’s preponderance of power has prevented a great power war, and even restrained major regional powers from coming to blows. For instance, the past 25 years haven’t seen any conflicts on par with the Israeli-Arab or Iran-Iraq wars of the Cold War. As the unipolar era comes to a close, the possibility of great power conflict and especially major regional wars rises dramatically. The world will also have to contend with conventionally inferior powers like Japan acquiring nuclear weapons to protect their interests against their newly empowered rivals. But even if the transitions caused by China’s and potentially other nations’ rises are managed successfully, there are still likely to be significant negative effects on international relations. In today’s “globalized” world, it is commonly asserted that many of the defining challenges of our era can only be solved through multilateral cooperation. Examples of this include climate change, health pandemics, organized crime and terrorism, global financial crises, and the proliferation of weapons of mass destruction, among many others. A unipolar system, for all its limitations, is uniquely suited for organizing effective global action on these transnational issues. This is because there is a clear global leader who can take the initiative and, to some degree, compel others to fall in line. In addition, the unipole’s preponderance of power lessens the intensity of competition among the global players involved. Thus, while there are no shortages of complaints about the limitations of global governance today, there is no question that global governance has been many times more effective in the last 25 years than it was during the Cold War.

### Global Ecology – Impact Module

Western growth efforts – like the Aff – are key anti-green Chinese economic growth.

Li, ‘14

(Minqi, Professor of Economics @ the University of Utah, *Peak Oil, Climate Change, and the Limits to China’s Economic Growth,* pg. 169, Routledge)

Without fundamental changes, the most likely scenario is for China to continue on the current path of capitalist accumulation. The Chinese government will undertake further "economic reforms." The remaining state-owned enterprises will be privatized. Without serious adjustment of economic and social policies, inequality in income and wealth distribution will keep rising. **Environmental conditions will continue to deteriorate.** With mass consumption depressed**, the economy will depend on** excessively high levels of investment **to sustain growth.** In Chapter 7, it is argued that these tendencies are likely to result in a general economic, social, and environmental crisis in the 2020s, leading to the collapse of the Chinese economy. Given China's central position in the global division of labor, a collapse of the Chinese economy may lead to the collapse of the global economy**.**

China is key to the global ecology – the impact’s massive death tolls.

Li, ‘16

(Minqi, Professor of Economics @ the University of Utah, *China and the 21st Century Crisis*, Pluto Press, Pg. 11-12)

The pursuit of infinite economic growth is the defining feature of modern capitalism. But the exponential growth of material production and consumption has depleted natural resources and degraded the environment. Much of the global environmental space was used up by the global capitalist expansion during the second half of the twentieth century. In the early twenty-first century, **various global ecological systems are** on the verge of collapse**.** In particular, impending climate catastrophes threaten to undermine the foundation of human civilization. These developments suggest that the various conditions, which historically have underpinned the normal operation of the capitalist world system, are being fundamentally transformed and the basic laws of motion of capitalism can no longer be sustained. China is set to overtake the United States to become the world's largest economy. The Chinese working class is the worlds largest. In a few years, a militant working class movement is likely to emerge in China. **China is also the world's largest energy consumer and greenhouse gas emitter. Therefore, China is** at the center **of the contemporary global economic, social, and** ecological contradictions.

### BIT – Uniqueness, Link

#### Chinese economy will decline in the status quo – a BIT is key to reversing that trend.

Schneider ‘13

Howard Schneider covers international economics at the Post. He has been at the paper for 20 years in a variety of reporting and editing roles, and served abroad as bureau chief in Jerusalem, Cairo and Toronto. The author also holds a Bachelor of Arts (B.A.) in Economics from the University of Maryland College Park - “China agrees to broad investment talks” – Washington Post - July 11, 2013 - <https://www.washingtonpost.com/business/economy/china-agrees-to-broad-investment-talks/2013/07/11/2d535930-ea63-11e2-a301-ea5a8116d211_story.html>

China and the United States have agreed to restart negotiations over a possible investment treaty that could substantially open the Chinese economy to more American companies. During high-level talks over the past two days, Chinese officials agreed to drop a longstanding demand that negotiations over a Bilateral Investment Treaty would have to exclude sensitive or developing sectors of the economy that it wanted to protect. Although many American companies have businesses in China, investment there is governed by a strict set of rules that often limits foreign ownership — a policy, U.S. officials argue, that will crimp China’s growth in the long term and which limits the benefits American companies and workers can gain from China’s economic expansion. American officials characterized the change in negotiating policy as a major concession and a sign that the new Chinese government wants to speed economic opening. The concession is no guarantee that a treaty will ever be signed, or that any future pact will be as comprehensive as U.S. officials and business executives hope. Indeed, BIT talks have technically been underway for five years but have been stalled for much of that time. Still, “the commitment made today stands to be a significant breakthrough,” Treasury Secretary Jacob Lew said in a statement. It marks the first time China has agreed to talks that “include all sectors and stages of investment.” The United States has BITs with 41 developing countries, from economic successes such as Poland to strategic allies such as Egypt and small countries such as Albania. While the world’s industrial countries are generally open to foreign investors and have trustworthy courts and political institutions, BITs are used to open up developing markets, encourage the flow of capital across borders and protect it once it gets there. In China’s case, U.S. officials say they hope such a treaty would mark a turning point in U.S.-China economic relations — allowing American companies, particularly in services and other areas where they hold a competitive advantage, to benefit from China’s large population and growing wealth. The announcement of the investment talks was the most prominent outcome of the Strategic and Economic Dialogue held over the last two days. Although it may signal the reformist intentions of new President Xi Jinping, it also reflects China’s anxiety over the economic constraints it is starting to feel. Foreign investment has been key to the country’s growth over the last 20 years, for example, but in the case of capital from the U.S. that has begun to flag.

### BIT – Specific Links

#### A BIT would cause a unique boost in profits for Chinese SOE’s

Chow ‘15

Daniel C.K. Chow - Professor of Law at The Ohio State University Moritz College of Law. “WHY CHINA WANTS A BILATERAL INVESTMENT TREATY WITH THE UNITED STATES” - BOSTON UNIVERSITY INTERNATIONAL LAW JOURNAL, Volume 33 – available at: https://www.bu.edu/ilj/files/2015/04/Chow-Why-China-Wants-a-Bilateral-Investment-Treaty.pdf

After the conclusion of a BIT with China, the MFN and NT principles would provide additional significant protections to the admission of FDI into the United States. The United States would then be subjected to basic principles of international trade law concerning how the United States treats FDI from China. A BIT would increase the admission of Chinese FDI into the United States. As SOEs or state-favored companies, such as Huawei, would be the major beneficiaries of a new BIT regime, China may be able to expand the power and reach of SOEs (and state-favored enterprises) in the United States. FDI inflows from China would increase without a BIT; however, that increase would be marginal in comparison to the inflows with the BIT, as inflows are a BIT's primary objective. Chinese investors would likely be state-owned or state-favored enterprises, as they have the support of the State-Party and access to financial resources to make significant investments. In 2011, the Chinese government reported the existence of 144,700 state-owned or state-controlled enterprises, excluding financial institutions, with assets worth $13.6 trillion.16 SOEs are likely to receive state support because they generally carry out the policies of the State-Party.

(Note: “SOE’s” are “State-Owned Enterprises”. “FDI” is “Foreign Direct Investment”)

### BIT = boosts China’s strategic interests

#### China will use to a BIT to advance strategic – and not just economic – interests.

Chow ‘15

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While the economic benefits of a BIT for the United States are often touted, less attention in the media or commentary has been given to a BIT's potential benefits for China. Benefits for the United States include additional business opportunities; however, an analysis of the benefits of a BIT for China requires going beyond an examination of commercial advantages alone. China is governed by the Communist Party; thus, an analysis of the benefits that a BIT may provide for China must examine the strategic political advantages that a BIT could create for the State-Party. No significant national commitment, such as entering into a BIT with the United States, may occur without the State-Party's consent and, of course, the State-Party will not agree to a BIT unless it believes that the BIT will further the State-Party's long-term political interests. This Article attempts to identify some of the key political and strategic objectives that a BIT may serve for the State-Party. This Article's purpose is not, however, to debate or analyze whether a U.S.-China BIT is in the best interests of either country. That is a complex subject, which requires separate and extensive treatment. However, it is important to realize that the State-Party in China would not agree to enter into a BIT with the United States for new business opportunities alone. Although the State-Party is concerned with new business opportunities, the State-Party will also consider overriding objectives that will help strengthen China's global economic position and enhance China's status as a world power. While the economic benefits of a BIT to the United States and China, such as increased trade, may be apparent, the strategic and political benefits of a BIT to China may not be. This Article articulates the strategic and political advantages of a BIT for China. These important strategic and political advantages, not just economic motives, underlie China's desire to enter into a BIT with the United States.

### Import Tariffs – Links Module

#### Unique-Link – a BIT allows China to avoid import tariffs.

Chow ‘15

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Third, a BIT could allow China to accomplish an increasingly important objective: to evade or mitigate the effects of border measures imposed by the United States on imported goods from China. Currently, the United States aggressively pursues a wide array of trade sanctions against imports from China, including anti-dumping duties, countervailing duties, quantitative restrictions (quotas), and safeguards.51 Moreover, the increasing use of border measures, including double remedies, to prevent the growth of the expanding U.S. trade deficit with China52 evinces a general reluctance on the part of the U.S. government towards China's trade practices.53 There are even bills pending in Congress that threaten to subject every import from China to punitive trade sanctions.3'\* Trade measures are imposed on imports from China at the border and are administered by U.S. Customs authorities.55 While trade sanctions are authorized by the agreements of the World Trade Organization ("WTO"),56 any particular U.S. action may be challenged both in the United States and before the WTO. A BIT would allow China to establish or acquire U.S. business entities that will manufacture some of the goods that are now the target of U.S. trade sanctions imposed at the border. Of course, goods that are manufactured in the United States are not subject to border measures imposed on imports.59 In the 1980s and 1990s, Japan followed a similar strategy, successfully shifting manufacturing operations to the United States to avoid the effect of U.S. quotas on imports of automobiles from Japan.60 Under a U.S.-China BIT, China may be able to emulate this strategy.

#### Avoiding border tariffs would significantly increase growth of Chinese SOE’s

Chow ‘15

Daniel C.K. Chow - Professor of Law at The Ohio State University Moritz College of Law. “WHY CHINA WANTS A BILATERAL INVESTMENT TREATY WITH THE UNITED STATES” - BOSTON UNIVERSITY INTERNATIONAL LAW JOURNAL, Volume 33 – available at: <https://www.bu.edu/ilj/files/2015/04/Chow-Why-China-Wants-a-Bilateral-Investment-Treaty.pdf>

How would a BIT help China evade or mitigate the effects of these border measures? Anti-dumping duties, countervailing duties, and quotas are imposed on imports at the border and do not apply to goods produced domestically in the United States. An example of the use of FDI to evade the effect of a border measure is the case of the 1981 quota on imported automobiles from Japan.202 After negotiations, Japan "voluntarily" agreed to limit its exports to 1.68 million passenger vehicles to the United States203—a Voluntary Export Restraint ("VER") under which the exporting country, usually as a result of political pressure or threats from the importing country, "voluntarily" agrees to limit exports, which has the same effect as a quota imposed by the importing country.204 Soon after the 1981 quota went into effect, Honda, a Japanese car manufacturer, opened its first manufacturing plant in Marysville, Ohio.205 By 1991, the economic impact of the quota was zero because the number of cars imported from Japan was well below the quota limit.206 In fact. Japan had shifted manufacturing to plants hi the United States and was able to supply the U.S. market in part with domestically manufactured automobiles, which were, of course, not subject to the quota. Since the 1990s, Japanese and other foreign car manufacturers have opened several new manufacturing plants in the United States to meet the high U.S. demand for their products.207 Can China follow a similar strategy to avoid the effect of border measures, and would it be a savvy business decision for China to shift some of its manufacturing to the United States? Shifting the manufacturing of low-value, labor intensive products, such as toys, games, and apparel to the United States, might not be a shrewd business decision because China enjoys a comparative advantage in low labor costs. However, China has been shifting its focus from manufacturing low-value, labor intensive products to exporting more high-value, technologically advanced products, for which low labor costs are not essential to generate profits. Locating some of the manufacturing of advanced technology products in the United States may allow China to avoid the imposition of anti-dumping duties on these products. The United States has an anti-circumvention measure.209 which is designed to prevent foreign companies subject to anti-dumping duties from shipping paits to the United States where simple assembly operations occur. The foreign company might thereby be able to avoid the imposition of an anti-dumping order because the goods are produced domestically by a U.S. company and are not subject to anti-dumping duties imposed at the border. If the foreign company is deemed to have engaged in circumvention, the product, although manufactured in the United States, will be subject to the anti-dumping duty.210 However, there are several reasons why an anti-circumvention measure will likely have a limited impact on China's ability to avoid border measures. The anti-circumvention measure applies only under the following conditions: 1. The merchandise sold in the United States must be made from parts or components produced in the country subject to the antidumping duty order; 2. The value of the parts or components imported from the country subject to the order must be "a significant portion of the total value of the [completed] merchandise;" and 3. The process of assembly or completion in the United States must be "minor or insignificant."211 These factors suggest that the statute's purpose is not to deter genuine FDI but to preclude the use of simple assembly operations in the United States and evade the imposition of anti-dumping duties. Moreover, if China did set up a manufacturing facility in the United States, then China may in fact gam a favorable political foothold in the United States. A manufacturing facility creates jobs for the local economy, tax revenue, and support for related local industries (such as the automotive parts manufacturers in the Honda case above). American workers at the Chinese-owned manufacturing facility are likely to oppose additional tariffs on their products, and they could pressure U.S. politicians to fight against such measures. Establishing manufacturing operations in the United States could also help China evade countervailing duties. Moreover, although there is an anti-circumvention measure that applies to anti-dumping duties, no similar anti-circumvention measure exists for subsidies and countervailing duties. A current heated controversy between China and the United States (as well as other countries) concerns China's provision of subsidies for green technologies, i.e., solar panels. The United States and the European Union claim that government subsidies are providing competitive advantages to Chinese companies that manufacture solar panels and other green technologies, and that the financial benefit of these subsidies creates a competitive advantage for Chinese exports.213 The EU recently settled a dispute with China over low-priced solar panels that almost erupted into a trade war after the EU threatened to impose punitive tariffs on imported solar panels from China.214 Suppose, however, that China had invested in a manufacturing facility in the United States to produce solar panels that had been sold directly from the U.S. plant. Suppose further that intra-corporate transfers between the Chinese parent company and the U.S. manufacturing subsidiary had allowed the parent company to pass through government financial contributions to the Chinese-owned U.S. manufacturer. This arrangement might have allowed China to avoid the effect of any countervailing duties that may have been imposed on its solar panels because the panels were manufactured domestically in the United States, and. as of the present, no anti-circumvention measure would have applied to subsidies unlike anti-dumping duties. In fact, in 2010, Suntech Power Holdings, the world's largest manufacturer of solar panels, opened a manufacturing facility in Goodyear, Arizona, to produce solar panels in the United States.215 Other Chinese companies in industries ranging from automotive parts, steel pipes, construction equipment, household appliances, and electronics have made major investments in manufacturing facilities in the United States. These major investments216 might be a preemptive move to avoid the effect of anti-dumping duties, countervailing duties, quotas, or a combination of these measures imposed on imports at the border. Finally, establishing manufacturing operations in the United States could help Chinese companies avoid quotas or quantitative restrictions on 111 imports. Although quotas are generally prohibited under the GATT, quotas may be permitted as a "safeguard," a temporary trade remedy permitted to last for up to four years in the case of a putative trade emergency, such as a sudden surge in exports to the United States that results in disruptions to certain U.S. industries.219 Because the goods would be manufactured in the United States, the goods would, of course, not be subject to import quotas. Moreover, any effort by the United States to pressure, persuade, or influence China into voluntarily limiting its exports,220 as in the Japan auto case of 1981,221 would be ineffective if the goods were manufactured in the United States. Manufacturing products in the United States may also allow Chinese companies to avoid the effects of federal laws that currently prohibit the U.S. government from buying products and services from countries, such as China, which are not members of the WTO Government Procurement Agreement of 2011 ("GPA"). Government procurement is exempt from the NT principle under the GATT223 and GATS.224 This allows WTO members to discriminate freely against foreign goods and services in favor of domestically produced goods and services in government procurement. Some countries, however, have voluntarily joined the GPA, which requires its members to extend NT to the goods and services of other GPA members in government procurement. Under this requirement, the United States, as a GPA member, cannot give preferential treatment hi buying goods and services to U.S. companies over companies from other GPA member countries, such as the EU countries. Rather, the U.S. government must treat all bids from U.S. and GPA member companies on an equal basis. China is currently not a member of the GPA; thus, China is free to discriminate against U.S. goods and services in its government procurement, and, in turn, the U.S. government is prohibited by federal law from purchasing goods and services from non-GPA members, such as China (although the GPA countries do purchase substantial amounts of goods and services from China).225 In 2011, the United States spent $537 billion or about fourteen percent of the federal budget on government procurement;226 government procurement is therefore a vast and lucrative market. If China establishes or acquires manufacturing subsidiaries in the United States, the products that those subsidiaries make are considered American-made goods. Despite the Chinese ownership of these subsidiaries, they are formed under U.S. law and are U.S. corporations. As a result, goods produced by these Chinese-owned. U.S. subsidiaries are eligible for U.S. government procurement. Additionally, goods that are manufactured in the United States may have a broader appeal to certain segments of U.S. consumers that wish to purchase American-made products rather than foreign products. China is. of course, aware that Congress is concerned about the massive U.S. trade deficit with China, and that there are several pending bills threatening to impose new unprecedented trade sanctions in the form of countervailing duties on all goods of any kind imported from China.227 Due perhaps to the considerations set forth in this Part of the article, a few Chinese companies have already made sizeable FDI investments in manufacturing facilities in the United States; however, Chinese inflows of FDI into the United States, as noted above, make up $4 billion, which is only a fraction above two percent of the $175 billion total FDI inflows into the United States overall due at least in part to what China perceives to be a negative political climate. By developing new protections for FDI inflows from China, a BIT could create significant opportunities to acquire or establish manufacturing facilities in the United States to avoid the effect of border measures imposed on Chinese imports.

### CFIUS links

#### CFIUS deters and reduces Chinese State-owned FDI.

Chow ‘15

Daniel C.K. Chow - Professor of Law at The Ohio State University Moritz College of Law. “WHY CHINA WANTS A BILATERAL INVESTMENT TREATY WITH THE UNITED STATES” - BOSTON UNIVERSITY INTERNATIONAL LAW JOURNAL, Volume 33 – available at: <https://www.bu.edu/ilj/files/2015/04/Chow-Why-China-Wants-a-Bilateral-Investment-Treaty.pdf>

Several recent cases indicate that both CFIUS and U.S. policymakers are willing to block investment transactions by Chinese firms, especially when the firms are state-owned or are favored by the State. Note that it is not necessary for CFIUS or the President to issue a formal order to block an investment transaction.103 Concerns raised by CFIUS may be sufficient to deter parties from going forward with a transaction. For example, in February 2010, Emcore Corporation, a manufacturer of components for fiber optics systems, announced that it had agreed to sell sixty percent of its fiber optics business to a Chinese SOE for $27.8 million.104 However, in June 2010, Emcore canceled the transaction due to concerns raised by CFIUS.105 In May 2010, Huawei Technologies purchased IP assets from 3Leaf Systems for $2 million.106 Members of Congress expressed concerns that Huawei's acquisition of U.S. technology would provide access for the Communist Party to core computer technology and threaten U.S. national security interests.107 In February 2011. CFIUS formally notified Huawei that it should terminate its offer to acquire the 3Leaf assets.108 Huawei subsequently withdrew its offer.109 Note that Huawei is not an SOE but a private company.110 Although Huawei is a private company, U.S. officials were concerned that Huawei might be a state-favored enterprise due to its close ties to the Party and the Chinese government.111

#### The link’s unique – CFIUS succeeds at reducing profit for China’s State-owned businesses.

Chow ‘15

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The threat of a possible CFIUS investigation and action by the President means that no formal action of any kind by CFIUS, such as the initiation of an investigation, is necessary to derail an investment transaction. Political opposition alone can lead to the unraveling of a deal. In 2005, the China National Offshore Oil Corporation ("CNOCC") made an $18.5 billion bid 111 to purchase Unocal, a U.S. energy company. Some members of Congress expressed concerns that vital energy assets owned by Unocal would come under the control of a Chinese SOE and that China would acquire Unocal's advanced technologies.113 The political opposition in Congress led CNOCC to withdraw its bid.114 Another notable incident involved Ralls Corporation, a Chinese-owned U.S. firm. On September 28, 2012, President Obama issued an order requiring Ralls to divest its interests in four Oregon wind farm companies that Ralls had already acquired.115 The divestiture order was issued due to national security concerns regarding the proximity of the companies to a naval test facility.116 This action indicates that even investment transactions that have already been completed may be reversed by subsequent divestiture orders by the U.S. government.117 The negative scrutiny that Chinese investment draws from politicians and administrative agencies in the United States appears to create disincentives for China to invest in the United States and may be one reason why Chinese FDI inflows into the United States represent only $4 billion out of the $175 billion total FDI inflows into the United States in 2012.118 Avoiding political controversy in the United States also seems to be the rationale behind the decision by the China Investment Corporation, a sovereign wealth fund with over $200 billion in capital, to keep many of its equity investments in the United States to less than ten percent,119 the threshold that would qualify the investment as FDI under U.S. law120 and might trigger review by U.S. authorities.

#### CFIUS requirement ensure transparent intentions for Chinese SOEs.

Miner ‘15

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The main cause of anxiety from SOEs investing abroad is that their intentions are not transparent. Because of this opaqueness, many US observers expect worst-case scenarios, for example, that SOEs may be acting to fulfill the foreign policy goals of their government. Any host country would object to such behavior, since SOE investments could undermine its national security. Moreover, SOEs could collude in their international business deals, for example, by not bidding against each other when attempting acquisitions abroad. In 2011, China's Ministry of Commerce (MOFCOM) and SASAC signed a memorandum of collaboration to coordinate when making acquisitions abroad in order to "prevent unhealthy competition."12 Observers also speculate that SOEs don't act fairly in their home business environment, by favoring national firms over foreign firms in their procurement decisions. SASAC's market power abroad raises other issues. The European Commission decided to treat all the enterprises managed by SASAC as a single corporate entity, since the Communist Party is the controlling shareholder of all of them. This makes sense because of SASAC's latent market power: If one entity under SASAC is engaging in business in a foreign country, it seems unlikely that another SASAC entity in the same sector would enter that same market and attempt to compete against its SASAC "cousin." Moreover, SASAC firms acting together can wield significant market power, for example, by refusing to purchase from certain firms or by purchasing only from each other. An underlying issue is the transparency of SOE business dealings. The US government wants to ensure that SOEs operating abroad do so with only commercial considerations in mind. It also wants to guard against collusive and unfair practices. These goals are difficult to achieve when SOE operations are shrouded in mystery. However, SOEs are required to notify the Committee on Foreign Investment in the United States (CFIUS) of all mergers and acquisitions involving US assets. This requirement ensures a high level of transparency for SOEs doing business in the United States, but it does not ensure transparency for SOE business practices in the Chinese home market.

### Econ Growth – Internal links

#### Chinese Economic growth is vital to Chinese military objectives.

Tellis, ‘14

(Ashley J., senior associate at the Carnegie Endowment for International Peace, specializing in international security, defense, and Asian strategic issues, “Balancing Without Containment: An American Strategy for Managing China,” <http://carnegieendowment.org/files/balancing_without_containment.pdf>)

Furthermore, China’s central location within the larger concentration of Asian economic power—the fastest-growing hub in the international system—endows its growth with even greater significance. There is a risk that Beijing might someday exercise choking control over this critical geopolitical space and thereby endanger larger American and global security.13 Today, **even before China has completely risen**, **it is already committed to the objective of enforcing a strict hierarchy in Asia**, meaning that Beijing’s position at the top of the continental order is acknowledged and respected by all its neighbors. As François Godement has pointed out, Chinese strategy for securing such primacy has **revolved around translating the massive economic gains** it has made in recent years into a geopolitical approach that emphasizes “coercion without force.”14 Even more astutely, Christopher Ford has noted that “the ‘thorough submission’ of other countries” that China seeks is meant to be voluntary—that is, these countries “would be expected not to have to be forced to comply, but rather spontaneously to choose to take their place within the status-hierarchy under the benevolent guidance of the virtuous leader.”15 This is the only explanation that does justice to then Chinese foreign minister Yang Jiechi’s outburst at the 2010 meeting of the Association of Southeast Asian Nations when, staring directly at Singapore’s then foreign minister, George Yeo, he bluntly declared that “China is a big country and other countries are small countries, and that’s just a fact.”16

Just in case Beijing’s neighbors do not get the message, however, China has begun to put in place the foundations **for enforcing its own version of the Monroe Doctrine** along its various peripheries. **Beginning with “cartographic aggression”**17 through claims such as its “9-dash line” in the South China Sea and its expansive assertions along the Sino-Indian border to further efforts at “national enclosure”18 through its recently expanded air defense identification zone in the East China Sea to mounting “the world’s biggest military expansion”19 for several years running, China is systematically laying the foundations to ensure that its neighbors **acquiesce to its burgeoning hegemony** while simultaneously ensuring their isolation vis-à-vis their most important external protector, namely the United States. To be sure, China does not yet pose the kind of military threats to Asia that the Soviet Union posed to Europe in its heyday. This condition, however, may not last for long given that China’s relations with its neighbors are troubled in many ways. Disputes over continental and maritime boundaries persist, status rivalries between China and its Asian peers have not disappeared, and Beijing has, at least so far, studiously refused to renounce the use of force in resolving geopolitical disagreements at a time when its own capacity to mount significant standoff attacks on adjacent countries is rapidly growing. Consequently, however remote the prospect may seem at present, the United States could find itself in a conflict with China in the future thanks to its extended deterrence obligations to various Asian nations. Conflicts between China and its neighbors that do not directly involve the United States but nevertheless affect U.S. interests are also possible. On balance, both these contingencies have inevitably impelled China “**to expand and rapidly accelerate improvements in…[its] military and economic capabilities as well as increase its external influence to simultaneously establish political and economic dominance over the periphery**…[in order to] provide leverage against future great power pressure.”20 And these developments, all told, will almost automatically accentuate regional security dilemmas vis-à-vis both China’s neighbors and the United States.

### SOE Internal link – SOE’s profits boost China objectives

#### SOE profits will be used to implement China objectives.

Chow ‘15

Daniel C.K. Chow - Professor of Law at The Ohio State University Moritz College of Law. “WHY CHINA WANTS A BILATERAL INVESTMENT TREATY WITH THE UNITED STATES” - BOSTON UNIVERSITY INTERNATIONAL LAW JOURNAL, Volume 33 – available at: https://www.bu.edu/ilj/files/2015/04/Chow-Why-China-Wants-a-Bilateral-Investment-Treaty.pdf

In addition, all SOEs are subject to the supervisory control of the central level State-Owned Assets Supervision and Administration Commission of the State Council ("SASAC").170 The SASAC is a majority and controlling shareholder in almost eveiy leading firm and industry in China.171 Not only is the SASAC a controlling shareholder in all critical SOEs, but the SASAC also routinely exchanges personnel on a rotating basis with the SOEs over which it exercises supervision.172 The purpose of this rotation is to deepen cooperation between SOEs and the PRC government.173 Because almost all high-ranking government officials in China are Party members,174 it is likely that the SASAC and SOE officials that are part of this personnel rotation are also Party members. This exchange of personnel further foments Party control over SOEs. Thus, because it is likely that SOEs are subject in significant part to State-Party control, SOEs are likely to be given the resources and incentives that they need to engage in FDI to promote the State-Party's long-term investment and economic objectives. By giving rotating Party members key management and executive positions in SOEs. the Party is able to control the most important sectors of the economy. By providing resources to Party-controlled SOEs, the Party can then also realize its long-term economic objectives.

### Chinese Growth Kills US Hegemony

Chinese growth signals a collapse of US primacy and escalates smaller disputes

Tellis, senior associate at the Carnegie Endowment for International Peace, specializing in international security, defense, and Asian strategic issues, ‘14

(Ashley J., “Balancing Without Containment: An American Strategy for Managing China,” <http://carnegieendowment.org/files/balancing_without_containment.pdf>)

This transition will not occur automatically if China’s GNP one day exceeds that of the United States. Rather, the threat of supersession will be more gradual as continuing Chinese economic growth—at levels superior to the expansion occurring in the United States— **steadily enables Beijing to acquire all the other accoutrements that make for comprehensive national power**. On current trends, China will consistently accumulate these capabilities over the next two decades. It certainly aims to do so, at the latest, by 2049, the 100th anniversary of the founding of the People’s Republic of China and the date by which Chinese President Xi Jinping has declared China’s intention to become a fully developed nation. Acquiring the appropriate foundations of power will position China to achieve, first, strategic equivalence with the United States, thus transforming the international **system into a meaningfully bipolar order.** Then, depending on Beijing’s own fortunes, China may possibly surpass Washington as the center of gravity in international politics. Irrespective of which outcome occurs—**or when**—either eventuality would **by definition** signal the demise of the primacy that the United States has enjoyed since the end of the Second World War. Even if during this process a power transition in the strict vocabulary of realist international relations theory is avoided—a possibility because China’s per capita income will lag behind that of the United States for a long time even if it acquires the world’s largest GNP—Beijing’s capacity to challenge Washington’s interests in multiple arenas, ranging from geopolitics to trade and from advancing human rights **to protecting the commons**, **will only increase as its power expands**. In other words, China will demonstrate how a rival can, as Thomas J. Christensen phrased it, “[**pose] problems without catching up**.”8 As Avery Goldstein has persuasively argued, these hazards could materialize rather quickly because China is currently pursuing provocative policies on territorial disputes over islands in the East and South China Seas.9

That these disputes, which a former U.S. official described as involving “uninhabited and uninhabitable rocks,”10 do not appear prima facie to implicate a systemic crisis **should not be reassuring** to the United States because every serious contestation that occurs in future Sino-American relations will materialize against the backdrop of a possible power transition **so long as China’s growth rates**—even when diminishing—**continue to exceed those of the United States**. This dynamic, as William R. Thompson has pointed out, can produce extended “crisis slides” in which even “relatively trivial incidents or a string of seemingly minor crises” may suffice to escalate what was up to that point a precarious structural transformation into full-fledged geopolitical polarization and major war.11 Since the relative disparity in Sino-American economic performance is likely to persist for quite some time, even trifling quarrels will push bilateral ties ever more concertedly in the direction of greater abrasion as accumulating Chinese power further constrains U.S. freedom of action.

### US Hegemony – impact – 2nc

US hegemonic decline causes major power wars.

Zhang and Shi 11

Yuhan Zhang, researcher at the Carnegie Endowment for International Peace, Washington, D.C., and Lin Shi, from Columbia University. She also serves as an independent consultant for the Eurasia Group and a consultant for the World Bank in Washington, D.C., East Asia Forum, January 22, 2011, “America’s decline: A harbinger of conflict and rivalry”, http://www.eastasiaforum.org/2011/01/22/americas-decline-a-harbinger-of-conflict-and-rivalry

Over the past two decades, no other state has had the ability to seriously challenge the US military. Under these circumstances, motivated by both opportunity and fear, many actors have bandwagoned with US hegemony and accepted a subordinate role. Canada, most of Western Europe, India, Japan, South Korea, Australia, Singapore and the Philippines have all joined the US, creating a status quo that has tended to mute great power conflicts. However, as the hegemony that drew these powers together withers, so will the pulling power behind the US alliance. The result will be an international order where power is more diffuse, American interests and influence can be more readily challenged, and conflicts or wars may be harder to avoid. As history attests, power decline and redistribution result in military confrontation. For example, in the late 19th century America’s emergence as a regional power saw it launch its first overseas war of conquest towards Spain. By the turn of the 20th century, accompanying the increase in US power and waning of British power, the American Navy had begun to challenge the notion that Britain ‘rules the waves.’ Such a notion would eventually see the US attain the status of sole guardians of the Western Hemisphere’s security to become the order-creating Leviathan shaping the international system with democracy and rule of law. Defining this US-centred system are three key characteristics: enforcement of property rights, constraints on the actions of powerful individuals and groups and some degree of equal opportunities for broad segments of society. As a result of such political stability, free markets, liberal trade and flexible financial mechanisms have appeared. And, with this, many countries have sought opportunities to enter this system, proliferating stable and cooperative relations. However, what will happen to these advances as America’s influence declines? Given that America’s authority, although sullied at times, has benefited people across much of Latin America, Central and Eastern Europe, the Balkans, as well as parts of Africa and, quite extensively, Asia, the answer to this question could affect global society in a profoundly detrimental way. Public imagination and academia have anticipated that a post-hegemonic world would return to the problems of the 1930s: regional blocs, trade conflicts and strategic rivalry. Furthermore, multilateral institutions such as the IMF, the World Bank or the WTO might give way to regional organisations. For example, Europe and East Asia would each step forward to fill the vacuum left by Washington’s withering leadership to pursue their own visions of regional political and economic orders. Free markets would become more politicised — and, well, less free — and major powers would compete for supremacy. Additionally, such power plays have historically possessed a zero-sum element. In the late 1960s and 1970s, US economic power declined relative to the rise of the Japanese and Western European economies, with the US dollar also becoming less attractive. And, as American power eroded, so did international regimes (such as the Bretton Woods System in 1973).

### A-to “reforms solve for anti-green Chinese growth”

Reforms fail

Shaprio, PhD, aculty of the Global Environmental Politics program and directs the Dual Degree in Natural Resources and Sustainable Development (NRSD) with University for Peace in Costa Rica, ‘16

(Judith, *China’s Environmental Challenges*, Wiley, Conclusion)

Officials have **recognized growing levels of environmental harm** - stemming partly from a sense of lawlessness among middle-level officials and industrial leaders - and they have instituted world-class environmental regulations. **However, these laws are** poorly enforced **and the de facto reality remains** woefully behind **the ideal**. **This** implementation gap **stems at least in part from a political and social conflict between Western-style economic growth and a healthy environment**. For example, deforestation is understood as a problem that creates erosion and flooding at home; the government bans logging in sensitive river headwaters **but simultaneously fosters a manufacturing sector that supplies the furniture needs of consumers an ocean away**. Thus, the government essentially looks the other way as domestic forests continue to be cut and as timber enters - often illegally - from ravaged forests in Southeast Asia, Russia, and Africa. Water use is a similar arena where the state appears torn between conflicting goals. The massive South-North water transfer is an example: Intended to relieve water shortages in the Northeast, the project has caused dislocation and hardship for local populations and, activists argue, could create environmental problems and increase tensions with surrounding countries whose major rivers will be affected by the plan if the Western route is built. What is more, beyond its borders, **China has largely** refused to cooperate **in regional, transboundary management schemes such as the Mekong River Commission**.

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### 2AC Frontline

#### *Empirically false* and *No link* – China’s econ has recently dipped from record highs. The plan avoids a collapse of China’s economy – but doesn’t go beyond record highs. When China had record highs the disad never happened.

Chinese economic growth won’t translate into attempts to displace the US.

Mark Beeson and Fujian Li, 2015 – professor of international politics at the University of Western Australia, Fujian Li is a research fellow of the East Asian Studies Center at China Foreign Affairs, "What consensus? Geopolitics and policy paradigms in China and the United States", www.chathamhouse.org/sites/files/chathamhouse/field/field\_publication\_docs/INTA91\_1\_06\_Beeson\_Li.pdf

This article considers the emergence of the China model in the context of the growing competition between China and the United States. The key issue is whether—notwithstanding problems with the concept itself 4 —the influence of a Chinese model of development is likely to grow as the country’s material power and importance continue to expand. Our provisional answer to this question is that while China’s increased material leverage will enhance its importance and its potential policy options, its ability or even willingness to realize such opportunities is far from clear. America’s decline and China’s renaissance may present opportunities, **but the possibility**, much less the inevitability, **of** some sort of ‘**hegemonic transition’** remains remote.5 Equally importantly, perhaps, as our exploration of Chinese thinking on this topic demonstrates, there is no clear, unified consensus on how to understand either its development or its international significance among scholars or policy-makers in China itself. As a consequence, **the prospects for** some form of continuing, albeit diminished, ‘**American hegemony’**, even including elements of the so-called Washington Consensus, **may not be as poor as some predict**, at least in the immediate future.

#### Not unique and No internal link. *Chinese SOE investment is up now* and *BIT is not the only way to make profits*.

Miner ‘15

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The perception is that China's SOEs have not invested much in the United States, or that investments from China's SOEs are not welcome. Evidence does not support these statements. Of the total of 896 investments from China in the United States, 249 were by Chinese SOEs, about 27 percent of the total. The SOE deals were generally larger than the deals of private Chinese investors, accounting for 42 percent, or over $18 billion, of total investments from China. Of the 249 SOE investments, 177 were greenfield investments, investments in new facilities and factories rather than purchases of existing companies, worth $2.5 billion, while the other 72 were acquisitions, accounting for $15.5 billion." Acquisitions in the energy industry accounted for more than half the value of SOE investments. 1 lowever SOEs invested across a wide variety of sectors, including aviation, information technology, health and biotech, basic materials, and real estate. The Rhodium Group broadly defines "government-owned" to include any firm with more than 20 percent government ownership. Even so, plenty of big name-brand Chinese SOEs have successfully invested in the United States. State-owned China National Offshore Oil Corporation (CNOOC) is a prominent example. Although it failed in its bid for Unocal in 2005 because of political opposition from members of the US Congress, CNOOC now has investments worth over $3 billion in the United States. CNOOC changed strategy and began investing in minority share positions and entering into joint ventures with US firms. In another case, TPCO America, a subsidiary of state-owned Tianjin Pipe Corporation made a greenfield investment in Texas of more than $1 billion. TPCO is building a massive plant for processing steel into pipes, creating more than a 1,000 jobs in the process. State-owned AV1C Automobile Industry Holding Company is a majority owner of US-based Nexteer and helped it become a powerful supplier to US auto manufacturers. Dozens of Chinese state-owned firms have invested in the United States, and each has adopted a strategy backed by experience and flexibility.

China doesn’t want to displace the US, just ensure regional security – engagement solves

Swaine, ‘15

(Michael D., Ph.D., senior associate at the Carnegie Endowment for International Peace, former senior policy analyst at the RAND Corporation, The Real Challenge in the Pacific: A Response to “How to  Deter China,” Foreign Affairs, May/June)

This development should not be surprising to anyone who understands modern Chinese history and great-power transitions. Beijing has an ongoing incentive to work with Washington and the West to sustain continued economic growth and to address a growing array of common global and regional concerns, from pandemics to climate change to terrorism. At the same time, it understandably wishes to **reduce its vulnerability to potential future threats from the United States** and other nations while increasing its overall influence along its strategically important maritime periphery. As its overseas power and influence grow, its foreign interests expand, and its domestic nationalist backers become more assertive, Beijing will naturally become **less willing** to accept unconditionally military, political, and economic relationships and structures that it believes disproportionately and unjustly favor Western powers. **And it will** increasingly worry **that Washington might** resort to pressure or force to try to undermine Chinese security moves in the western Pacific and head off the United States’ impending relative decline. Many Chinese observers now believe that Beijing’s past weakness and its need to cooperate with the United States and the West in general have made it too accommodating or passive in dealing with perceived challenges  to China’s vital national interests, from U.S. support for Taiwan and Asian disputants over maritime claims to close-up U.S. surveillance and other intelligence-gathering activities along the Chinese coast. The more extreme variants of this nationalist viewpoint threaten to transform China’s long-standing “peaceful development” policy, which focuses on the maintenance of amicable relations with the United States and other powers, **into a more hard-edged approach aimed at more actively undermining U.S. influence in Asia**. The so-called bottom-line concept of Chinese President Xi Jinping’s foreign policy **is an apparent step in this direction**, stressing in an unprecedented manner the need for China to stand resolute in managing territorial and sovereignty issues in the East China and South China Seas. Observing these stirrings, meanwhile, many American and other foreign observers see the beginnings of a larger effort to eject the United States from Asia and eventually replace it as the regional, and possibly even global, superpower. China’s greater assertiveness regarding maritime territorial disputes and U.S. and Japanese intelligence and surveillance activities along its coastline are interpreted as tests of U.S. and allied resolve, a prelude to the creation of no-go zones essential for the establishment of Chinese control over the western Pacific. In this view, the proper course of action for Washington is to decisively disabuse Beijing of its aspirations by enhancing U.S. predominance, increasing Chinese vulnerability in the western Pacific, and making clear who is boss, right up to China’s 12-nautical-mile territorial waters. The problem with this outlook—implicit in the concept of Archipelagic Defense that Krepinevich proposes—is that it misdiagnoses China’s motivations and thus exacerbates, rather than mitigates, the underlying problem. Beijing’s de facto attempts to limit or end U.S. predominance along its maritime periphery are motivated by uncertainty, insecurity, **and opportunism rather than a grand strategic vision** **of Chinese predominance**. **Chinese leaders today are not trying to carve out an exclusionary sphere of influence**, especially in hard-power terms; **they are trying to reduce their considerable vulnerability** and increase their political, diplomatic, and economic leverage in their own backyard. This is a much less ambitious and in many ways more understandable goal for a continental great power. It does not necessarily threaten vital U.S. or allied interests, and it can and should be met with **understanding rather than defensive aggressiveness.**

**U.S. primacy isn’t key to peace – their data is flawed**

**Preble 10** – Christopher Preble, director of Foreign Policy Studies at the CATO Institute, August 3, 2010, “U.S. Military Power: Preeminence for What Purpose?,” online: <http://www.cato-at-liberty.org/u-s-military-power-preeminence-for-what-purpose/>

Most in Washington still embraces the notion that America is, and forever will be, the world’s indispensable nation. Some scholars, however, **questioned the logic of hegemonic stability theory** from the very beginning. A number continue to do so today. They advance arguments diametrically at odds with the primacist consensus. Trade routes need not be policed by a single dominant power; the international economy is complex and **resilient**. Supply disruptions are likely to be temporary, and the costs of mitigating their effects should be borne by those who stand to lose — or gain — the most. Islamic extremists are scary, but hardly comparable to the threat posed by a globe-straddling Soviet Union armed with thousands of nuclear weapons. It is frankly absurd that we spend more today to fight Osama bin Laden and his tiny band of murderous thugs than we spent to face down Joseph Stalin and Chairman Mao. **Many factors** have contributed to the dramatic decline in the number of wars between nation-states; it is **unrealistic** to expect that a new **spasm of global conflict** would erupt if the United States were to modestly refocus its efforts, **draw down its military power**, and call on other countries to play a larger role in their own defense, and in the security of their respective regions. But while there are **credible alternatives** to the United States serving in its current dual role as world policeman / armed social worker, the foreign policy establishment in Washington has no interest in exploring them. The people here have grown accustomed to living at the center of the earth, and indeed, of the universe. The tangible benefits of all this military spending flow disproportionately to this tiny corner of the United States while the schlubs in fly-over country pick up the tab.

**Extensions - Heg---No Impact**

**Hegemony isn’t key to peace**

**Fettweis 11** – Christopher Fettweis, Department of Political Science, Tulane University, 9/26/11, Free Riding or Restraint? Examining European Grand Strategy, Comparative Strategy, 30:316–332, EBSCO

It is perhaps worth noting that there is **no evidence** to support a direct relationship between the relative level of U.S. activism and **international stability**. In fact, the limited data we do have suggest the opposite may be true. During the 1990s, the United States cut back on its defense spending fairly substantially. By 1998, the United States was spending $100 billion less on defense in real terms than it had in 1990.51 To internationalists, defense hawks and believers in hegemonic stability, this irresponsible “peace dividend” endangered both national and global security. “No serious analyst of American military capabilities,” argued Kristol and Kagan, “doubts that the defense budget has been cut much too far to meet America’s responsibilities to itself and to world peace.”52 On the other hand, if the pacific trends were not based upon U.S. hegemony but a strengthening norm against interstate war, one would not have expected an increase in global instability and violence. The verdict from the past two decades is fairly plain: The world grew more peaceful while the U**nited** S**tates** cut its forces. No state seemed to believe that its security was endangered by a less-capable United States military, or at least none took any action that would suggest such a belief. **No militaries were enhanced** to address power vacuums, **no security dilemmas drove insecurity or arms races**, and **no regional balancing occurred** once the stabilizing presence of the U.S. military was diminished. The rest of the world acted as if the threat of international war was not a pressing concern, despite the reduction in U.S. capabilities. Most of all, the United States and its allies were no less safe. The **incidence and magnitude of global conflict declined** while the United States cut its military spending under President Clinton, and kept declining as the Bush Administration ramped the spending back up. No complex statistical analysis should be necessary to reach the conclusion that the two are unrelated. Military spending figures by themselves are insufficient to disprove a connection between overall U.S. actions and international stability. Once again, one could presumably argue that spending is not the only or even the best indication of hegemony, and that it is instead U.S. foreign political and security commitments that maintain stability. Since neither was significantly altered during this period, instability should not have been expected. Alternately, advocates of hegemonic stability could believe that relative rather than absolute spending is decisive in bringing peace. Although the United States cut back on its spending during the 1990s, its relative advantage never wavered. However, even if it is true that either U.S. commitments or relative spending account for global pacific trends, then at the very least stability can evidently be maintained at drastically lower levels of both. In other words, even if one can be allowed to argue in the alternative for a moment and suppose that there is in fact a level of engagement below which the United States cannot drop without increasing international disorder, a rational grand strategist would still recommend cutting back on engagement and spending until that level is determined. Grand strategic decisions are never final; continual adjustments can and must be made as time goes on. Basic logic suggests that the United States ought to spend the minimum amount of its blood and treasure while seeking the maximum return on its investment. And if the current era of stability is as stable as many believe it to be, no increase in conflict would ever occur irrespective of U.S. spending, which would save untold trillions for an increasingly debt-ridden nation. It is also perhaps worth noting that if opposite trends had unfolded, if other states had reacted to news of cuts in U.S. defense spending with more aggressive or insecure behavior, then internationalists would surely argue that their expectations had been fulfilled. If increases in conflict would have been interpreted as proof of the wisdom of internationalist strategies, then logical consistency demands that the lack thereof should at least pose a problem. As it stands, the only evidence we have regarding the likely systemic reaction to a more restrained United States suggests that the current peaceful trends are unrelated to U.S. military spending. Evidently the rest of the world can operate quite effectively without the presence of a global policeman. Those who think otherwise base their view on faith alone.

**No data suggests a causal link between unipolarity and peace**

**Fettweis 10** – Christopher Fettweis, Professor of Political Science at Tulane University, 2010, Dangerous Times? The International Politics of Great Power Peace, p. 172-174

The primary attack on restraint, or justification for internationalism, posits that **if the U**nited **S**tates **were to withdraw** from the world, a variety of ills would sweep over key regions and eventually pose threats to U.S. security and/or prosperity. These problems might take three forms (besides the obvious, if remarkably unlikely, direct threats to the homeland): generalized chaos, hostile imbalances in Eurasia, and/or failed states. Historian Arthur Schlesinger was typical when he worried that restraint would mean "a chaotic, violent, and ever more dangerous planet."69 All of these concerns either implicitly or explicitly assume that the presence of the United States is the primary reason for international stability, and if that presence were withdrawn chaos would ensue. In other words, they depend upon hegemonic-stability logic. Simply stated, the hegemonic stability theory proposes that international peace is only possible when there is one country strong enough to make and enforce a set of rules. At the height of Pax Romana between 27 BC and 180 AD, for example, Rome was able to bring unprecedented peace and security to the Mediterranean. The Pax Britannica of the nineteenth century brought a level of stability to the high seas. Perhaps the current era is peaceful because the United States has established a de facto Pax Americana where no power is strong enough to challenge its dominance, and because it has established a set of rules that are generally in the interests of all countries to follow. Without a benevolent hegemon, some strategists fear, instability may break out around the globe.70 Unchecked conflicts could cause humanitarian disaster and, in today's interconnected world, economic turmoil that would ripple throughout global financial markets. If the United States were to abandon its commitments abroad, argued Art, the world would "become a more dangerous place" and, sooner or later, that would "redound to Americas detriment."71 If the massive spending that the United States engages in actually provides stability in the international political and economic systems, then perhaps internationalism is worthwhile. There are good theoretical and empirical reasons, however, to believe that **U.S hegemony is not the primary cause of** the current era of **stability**. First of all, the hegemonic-stability argument **overstates** the role that the United States plays in the system. No country is strong enough to police the world on its own. **The only way there can be stability** in the community of great powers is if **self-policing occurs**, if states have decided that their interests are served by peace. If no pacific normative shift had occurred among the great powers that was filtering down through the system, then **no amount of international constabulary work** by the United States could maintain stability. Likewise, if it is true that such a shift has occurred, then most of what the hegemon spends to bring stability would be **wasted**. The 5 percent of the worlds population that live in the United States simply could not force peace upon an unwilling 95. At the risk of beating the metaphor to death, the United States maybe patrolling a neighborhood that has already rid itself of crime. **Stability and unipolarity may be simply coincidental**. In order for U.S. hegemony to be the reason for global stability, the rest of the world would have to expect reward for good behavior and fear punishment for bad. Since the end of the Cold War, the United States has not always proven to be especially eager to engage in humanitarian interventions abroad. Even rather incontrovertible evidence of genocide has not been sufficient to inspire action. Hegemonic stability can **only take credit** for influencing those decisions that **would have ended in war without the presence**, whether physical or psychological, **of the U**nited **S**tates. Ethiopia and Eritrea are hardly the only states that could go to war without the slightest threat of U.S. intervention. Since most of the world today is **free to fight without U.S. involvement**, something else must be at work. Stability exists in many places **where no hegemony is present**. Second, the limited **empirical evidence** we have suggests that there is **little connection between the relative level of U.S. activism and international stability**. During the 1990s the United States cut back on its defense spending fairly substantially. By 1998 the United States was spending $100 billion less on defense in real terms than it had in I990.72 To internationalists, defense hawks, and other believers in hegemonic stability, this irresponsible "peace dividend" endangered both national and global security. "No serious analyst of American military capabilities," argued Kristol and Kagan, "doubts that the defense budget has been cut much too far to meet America's responsibilities to itself and to world peace."7' If the pacific trends were due not to U.S. hegemony but a strengthening norm against interstate war, however, one would not have expected an increase in global instability and violence.

**Unipolarity causes policy failure – they can’t access any impact**

Charles L. **Glaser 11**, professor in the Elliott School of International Affairs and the Department of Political Science at the George Washington University and the director of the Elliott School’s Institute for Security and Conﬂict Studies, June 2011, “Why unipolarity doesn’t matter (much),” Cambridge Review of International Affairs, Vol. 24, No. 2, p. 135-147

A still different type of argument holds that unipolar powers tend to adopt expanded interests and associated goals that unipolarity then enables them to achieve. To the extent that these goals are actually in the unipole’s true interest, unipolarity is good for the unipole. In broad terms, this argument follows the claim that states’ interests and goals grow with their power. 19 These expanded goals can be attributed to three different types of factors. 20 The ﬁrst is a permissive structure, which allows the state to pursue more ambitious goals. The state’s interests do not change, but its increased ability to pursue them results in a redeﬁnition of its goals. A state could have goals that were previously unachievable at acceptable cost; by lowering the costs, unipolarity places these goals within reach, enabling the state to make itself better off. A unipole’s desire for a higher degree of security can be an example of this type of expanded goal, reﬂecting the means that it can wield. Second, the state can acquire new interests, which are generated by the unipole’s greater territorial and institutional reach. For example, a state that controls more territory may face new threats and, as a result, conclude that it needs to control still more territory, acquire still more power, and/or restructure international institutions to further protect its interests. Third, the unipole’s goals can be inﬂuenced by what is commonly described as human nature and by psychology. A unipolar state will be inclined to lose track of how secure it is and consequently **pursue inappropriate policies** that are **designed to increase its security** but **turn out to be too costly** and/or to **have a high probability of backﬁring.** One variant of this type of argument expects unipolar powers to conclude that **they need to spread their type of governance** or political ideology to be secure. These dangers can be reinforced by a tendency for a unipolar power to see its new interests, which are optional, as necessary ones. The ﬁrst two types of expanded interests and goals can make the unipole better off. The question here is whether the interests the United States might ﬁnd within its reach due to its unipolar position are very valuable. With respect to security, **the answer is ‘no’**. For the reasons summarized above, the United States can be very secure in bipolarity, and unipolarity is important only in an extreme and unlikely case. Other US goals, for example, spreading democracy and free markets, **do not depend on unipolarity**, at least not its military dimension. Instead, whether these liberal systems spread will depend most heavily on their own effectiveness. Regarding the down side, there does not appear to be an overwhelming reason that the United States cannot avoid the dangers of unipolar overreach. The Bush administration certainly proved itself vulnerable to these dangers and the United States is continuing to pay for its ﬂawed judgments. Arguably, strands of overreach can be traced back to the Clinton administration’s emphasis on democratic enlargement, although the means that it chose were much more in line with US interests. 21 And the Obama administration’s decision to escalate the war in Afghanistan may well be an example of striving for too much security. Nevertheless, none of the basic arguments about unipolarity explain why these errors are unavoidable. The overreach claim is more an observation about the past than a well-supported prediction about the future. We do not have strong reasons for concluding that the United States will be unable to beneﬁt from analyses of its grand strategy options, learning to both appreciate how very secure it is and at the same time to respect the limits of its power. In sum, then, under current conditions, unipolarity does little to enable the United States to increase its security. **Given the limited beneﬁts of unipolarity** and the not insigniﬁcant **dangers of unipolar overreach**, the United States will have to choose its policies wisely if it is going to be better off in a unipolar world than a bipolar one.

**Extensions - Heg---No Impact---A2: Quick Collapse**

**Our evidence assumes a massive, short-term internal link**

Paul K. **MacDonald 11**, Assistant Professor of Political Science at Williams College, and Joseph M. Parent, Assistant Professor of Political Science at the University of Miami, Spring 2011, “Graceful Decline?: The Surprising Success of Great Power Retrenchment,” International Security, Vol. 35, No. 4, p. 7-44

In theory, states should retrench whenever they experience declines in their relative power. In practice, some periods of relative decline are of more analytical interest than others. For the purposes of this article, we focus on periods of what we call "**acute relative decline**." These are periods characterized by two features. First, a great power suffers a decline in relative power that **decreases its ordinal ranking** among the great powers. Second, this decrease in relative power **remains evident** for at least a five-year period. In making this argument, we are assuming that states are most likely to retrench when they have **lost their position** in the rank order and **that loss does not appear to be temporary**.

### Extensions - “China doesn’t seek to displace US primacy”

China isn’t seeking to displace the US – consensus among planers is a cooperative relationship

Goldstein, associate professor in the Strategic Research Department at the US Naval War College, founding director of the China Maritime Studies Institute, at the U.S. Naval War College, ‘15

(Lyle J., *Meeting China Halfway: How to Defuse the Emerging U.S.-China Rivalry*)

Conversely, the balance of opinion among Chinese scholars and strategists in China **is that China has no alternative but to try to seek a more** positive **and** constructive **relationship** with the United States. For example, Liu Jianfei’s analysis mentioned above argues emphatically against revising China’s foreign policy doctrine to counter the US “rebalancing to Asia.” He suggests that the threat to China **should not be exaggerated**—noting, for example, that the nature of the US-Japan Alliance has not changed substantially from its earlier form and, moreover, that **China’s fundamental security can still be assured**.30 Another influential foreign policy thinker, Cui Liru, similarly argued in late 2011 that the probability of China getting into a war with a major power had significantly decreased in the new century.31 Senior Chinese foreign policymakers, such as Cui Tiankai, have attempted to improve the climate of USChina relations. In a speech in July 2012, Cui identified maintaining peace and stability in Asia as a top priority for US-China relations and stated that China rejects “枝独秀” (a single branch blooms alone) and thus **would not pursue prosperity or security at the expense of others.3**2 Contrary to the concerns of some Western analysts that China’s rapid rise would lead to overconfidence, Chinese strategists, including military strategists, do not see a favorable military balance, and they generally appear to see “US decline” as overhyped.33 Some academic Chinese writings have even broached concepts of a greater fusion between Chinese and US strategic interests. For example, the lead article in the prestigious Chinese academic journal 当代亚太 (Journal of Contemporary Asia-Pacific Studies) made the unconventional argument that strong security ties between the United States and various countries in the Asia-Pacific region allow them to be more relaxed regarding close economic relations with China.34 In an even more unusual line of argumentation in China, the Peking University scholar Wang Yizhou argues that China can learn some lessons from the experience of other great powers, especially that of Great Britain and also the United States. In a somewhat remarkable passage, he argues that “England’s rise was accompanied by a high degree of navigational exploration and market-oriented trade—the ocean became the British Empire’s ‘high frontier’; when American power came to the fore, [it] promoted . . . the building of the United Nations and such international organizations.” He calls upon China’s leaders to correct the unflattering image abroad of China as a “跛足巨人” (lame giant) by turning in earnest to the provision of global “public goods.”35 In 2014 the well-known Chinese strategist Jin Canrong published a comprehensive study of “new type major power relations” that concluded, based on a number of prevailing conditions, that Washington and Beijing **would not ultimately go down the well-worn path of great power rivalry**.36 In sum, this brief survey of selected Chinese writings on US-China relations reveals that there is **very ample suspicion regarding US policies toward China**, and yet there remains a very substantial segment of informed opinion in China that wants to work constructively with Washington to **build a more peaceful and prosperous world order.**

Countries poised towards cooperation

Swaine, Ph.D., senior associate at the Carnegie Endowment for International Peace, former senior policy analyst at the RAND Corporation, ‘15

(Michael, “Conflict and Cooperation in the Asia-Pacific Region: A Strategic Net Assessment,” April 2015)

Powers are unlikely to adopt expansionist or aggressive grand strategies and military doctrines. No countries in the Asia-Pacific currently hold national objectives or military doctrines based on the seizure of foreign territories undisputedly controlled by others, a notion of inherent superiority over other peoples, or other basic beliefs that could generate aggressive or militaristic conduct toward outsiders. Although plagued by some historical animosities, contests over relatively small, disputed territories, and differences in development levels and political systems, nations (other than North and South Korea) **are not locked into mutually hostile, zero-sum sets of national objectives** or military doctrines. Most nations would prefer to further peaceful contacts with the outside world and peacefully manage differences over resource and sovereignty claims. Moreover, although the military doctrines of some important states (notably China and the United States) involve notions of offensive and (sometimes) preemptive power projection, such operational concepts do not imply that national security policies also exhibit a preference for aggressive military actions, especially against major powers. However contentious individual disputes may be, all major Asian states recognize the presence of regional and global trends **in favor of cooperation** **and the peaceful resolution of issues**. Unfortunately, the aforementioned positive trends coexist with several negative—at best neutral—factors influencing national objectives, military doctrines, and approaches to the use of force.

### A-to Chinese Environment scenario – link defense and turns

No link – the aff effects FDI flows which increase environmental efficiency

Yue, School of Economics & Management, Southeast University, ‘16

(Shujing, “Does Foreign Direct Investment Affect Green Growth? Evidence from China’s Experience” Sustainability 2016, 8, 158)

5. Conclusions and Recommendations

Taking 104 cities in China as the research objectives, based on the SBMDDF model, this paper

makes the green growth efficiency the comprehensive index of China’s green growth. After dividing

the green growth efficiency into economic efficiency and environmental efficiency, this paper discusses

the effects of FDI on the green growth efficiency, economic efficiency and environmental efficiency of

China’s urban green growth, respectively. The main conclusions are as follows.

**FDI has a positive correlation with the urban green growth efficiency.** **FDI is helpful for China’s**

**green economic growth, and plays an** active role **in China’s green economic growth**. When the

green growth efficiency is broken into economic efficiency and environmental efficiency, we can

see that FDI promotes China’s green economic growth through the promotion of environmental

effects and economic effects. The analysis of FDI in different sectors shows that FDI’s promotion of

environmental efficiency in China is largely due to FDI flowing into low-polluting and low-emission sectors. However, FDI’s promotion of environmental efficiency by clean technology transfer and

environmental technology spillover may be not obvious.

Large-scale emissions reduction is compatible with growth

Jonathan Chait, award winning columnist, NYT Magazine, September 7, 2015, The Sunniest Climate-Change Story You've Ever Read, nymag.com/daily/intelligencer/2015/09/sunniest-climate-change-story-ever-read.html

When the Chinese government announced its participation in the bilateral agreement, American conservatives rolled their eyes. Their skepticism that China would curtail its emissions rested upon the premise that maintaining its prosperity required it to burn ever-increasing amounts of dirty energy, forever. “China almost certainly won’t take significant steps to reduce carbon emission,” explained National Review. “That’s because the legitimacy of the Chinese Communist party’s government rests squarely on economic development. Energy — often produced by dirty coal — allows that economic development to occur, lifting millions out of hand-to-mouth poverty.” This analysis relied upon a fatally flawed assumption: **that producing more energy required producing more carbon emissions. China is finding ways to produce more energy with less carbon.** The ratio of carbon emissions to energy produced is called “carbon intensity,” and China’s carbon-intensity ratio has dropped precipitously. In 2009, China promised to reduce its carbon intensity by 45 percent from its 2005 level by 2020. **It is well on track to achieve this** (it’s already down 34 percent), and is now promising to deepen the cut to 60 or 65 percent — evidence that China has begun thinking seriously and practically about what it will mean to steward the majority of the world’s future population.

The energy revolution in China has **laid the groundwork for a future scarcely anybody could have imagined** just a few years ago. For most of the 1.3 billion people globally without access to electricity, building new solar power is already cheaper than fossil-fuel generation. And so, the possibility has come into view that, just as the developing world is skipping landlines and moving straight into cellular communication, it will forgo the dirty-energy path and follow a clean one. The global poor can create a future of economic growth for themselves without burning the world.

### A-to Chinese Environment scenario – engagement solves

US-China engagement solves environmental destruction

Hairan, Deputy Director and Assistant Professor, National Center for Climate Change Strategy and International Cooperation (NCSC), focuses on China-U.S. relations on climate change and South-South cooperation on climate change, ‘14

(Gao, “How China and the United States Can Work Together to Tackle Global Climate Change”, The Fletcher Forum of World Affairs, March 17, 2014, <http://www.fletcherforum.org/2014/03/17/hairan/>)

Climate change is one of the most severe environmental and socioeconomic challenges faced by human beings today. It is also a key issue of sustainable development and closely related to biodiversity, poverty alleviation, and the transformation to a low-carbon development path. As the world’s largest economies and emitters of greenhouse gas emissions, China and the United States must work together more cooperatively and with other countries to combat climate change and to help the globe build a low-carbon future.

Anthropogenic GHGs emissions have had a huge impact on global warming since the Industrial Revolution. As such, curbing global climate change requires coordinated and coherent global action, as well as an overarching system that includes all major greenhouse gas emitters (GHGs) in the world. The United Nations Framework Convention on Climate Change (UNFCCC) and its Kyoto Protocol have been the cornerstone of international cooperation on tackling climate change since the 1990s.

Still, major political differences remain between developed and developing countries. Developed countries believe that the current international climate framework should evolve over time and be dynamic enough to reflect economic and geopolitical changes. Developing countries, on the other hand, insist that developed countries should continue to take the lead in GHGs emission reduction beyond 2020, and developing countries should make efforts to cut their GHGs emissions according to their capabilities. Furthermore, from the developing countries’ perspective, abandoning the UNFCCC and its Kyoto Protocol and redefining the principle of common but different responsibilities (CBDR) is not acceptable.

The current international political dilemma on combating climate change is twofold: first, how should we allocate valuable and limited GHGs emission space to various countries? And second, is this burden-sharing best accomplished through a top-down or a bottom-up approach? The former might accomplish this through an international, legally-binding agreement such as the UNFCCC and its Kyoto Protocol, and the latter through nationally determined, voluntary actions that may be related but not limited to countries’ QELROs, renewable energy development targets, poverty alleviation, and energy intensity.

Therefore, finding a common denominator is crucial to mobilizing global consensus and action to curb climate change. As negotiations continue, one possibility in 2015 would be a general agreement that combines both the top-down and bottom-up approaches. This could be facilitated through a robust international measurable, reportable, and verifiable (MRV) system with common accounting rules to ensure transparency and real emissions reductions by countries involved without undermining their long-term socioeconomic development or infringing upon national sovereignty. In addition, enhancing financial, technological, and capacity building support will also be key elements of any agreement, as they are of significant importance to help developing countries address climate change.

As the two top GHGs emitters, economies, and energy users in the world, the actions taken by China and the United States are crucial to the realization of the ultimate objective of the UNFCCC and sustainable development on a global scale. In 2013, the total fossil CO2 emissions of China and the United States accounted for more than forty percent of world fossil CO2 emissions. Therefore, any successful effort to tackle climate change will need these two countries to work towards a solution either through the UNFCCC process or on a bilateral basis. Meanwhile, it also must be noted that China is different from the United States in various aspects, and should thus bear different responsibilities in tackling climate change. Recognizing the differences between the two countries politically will be helpful for effectively managing those differences, building a constructive partnership, and finding mutually acceptable approaches to cooperation without undermining their respective core national climate-related interests.

### A-to Chinese Environment scenario – No Try or Die

No try or die – emissions are dropping per unit of GDP – data doesn’t support pessimism

Smulders, Tilburg Sustainability Center @ Tilburg University, Toman, Development Research Group @ the World Bank, and Withagen, VU University Amsterdam, February 2014

(Sjak, Michael, and Cees, “Growth Theory and ‘Green Growth,’” <http://www.oxcarre.ox.ac.uk/files/OxCarreRP2014135.pdf>)

We start from a simple operational definition of green growth: GDP growth without emission growth. This requires that the ratio of emissions per unit of GDP falls at a rate (at least) equal to GDP growth. This is referred to as “absolute decoupling”, with relative decoupling meaning decreases in the emissions-GDP ratio but at a slower pace than GDP growth. Calculating historical rates of decoupling as GDP growth minus emissions growth, we find relatively small numbers for CO2. IPCC (2014) concludes that worldwide since 1970 CO2 emissions per unit of GDP have declined at about the same rate as population growth, so that per capita emissions have been constant on average. Hence, there has been relative but not absolute decoupling.

It would be overly pessimistic to conclude that CO2 decoupling is not feasible, however, since the observed worldwide development has been the result of market forces without that much in the way of explicit environmental policies for CO2 limitation. The theory suggests that once policies are in place, more decoupling could be expected. How effective these policies can be in reducing emissions and simultaneously maintain growth depends on the possibilities for technical change (which seem to be abundant), substitution possibilities (which seem to be limited) and rebound effects (which tend to often offset technical emissions savings, see Sorrell 2010).

One way to quantify the effect of emissions reduction, in particular through energy reductions, on growth is through growth accounting. In a competitive economy the output elasticity of energy equals the cost share of energy in production, which is typically small at the aggregate level. Hence a back-of-the-envelope calculation suggests that a ten percent reduction in energy use reduces output at most by 1 percent. This type of growth drag calculation (see also Brock and Taylor, 2005) are optimistic, as indicated by our theoretical discussions. The calculations are often based on comparison of the steady states of a resource-dependent economy and a non-resource dependent economy. However, the relevant calculation compares a brown growth path with increasing emissions to a green growth path with substantially lower and nongrowing emission levels. Moreover, the growth drag calculation typically assumes a given cost share for energy, which effectively implies Cobb-Douglas production with good substitution 26 while in reality substitution is more difficult. Lower levels of energy and emissions go together with a higher cost share of energy, which magnifies the growth drag.

The Environmental Kuznets Curve (EKC) literature has looked for evidence of an inverted U-shaped relationship between GDP and pollution levels. According to this hypothesis, the development path of the economy might display a deterioration in the quality of nature in the early stages of economic development, but with increasing income the quality of nature would improve again. Copeland and Taylor (2003) make a distinction between the scale effect (more production leads to more pollution), the composition effect (growth leads to changing, cleaner, consumption patterns), and technology effects (the need for cleaner technologies induced by preferences giving higher weight to a clean environment).

Mechanisms from growth theory may generate this type of path, in particular the fact that a low capital stock triggers both high investment and growth with growing demand for polluting inputs in production, while low income and consumption can imply that demand for environmental quality also is limited. Nevertheless, once endogenous technology is brought into the picture, an inverted-U-shaped pattern is no longer the natural outcome. Process innovations could increase the demand for polluting inputs and product innovations may shift consumption to energy-intensive sectors (Smulders et al 2011).

The empirical literature on the EKC (starting with Grossman and Krueger (1995)) is huge and far from unambiguous. It typically looks at how levels of income and pollution are related across countries, which makes it difficult to deal with technical change and growth issues as well as with linkages across countries. From the perspective of growth theory it seems better to think in terms of growth rates of pollution and income (cf. Wagner, 2008). For some pollutants or patterns of natural resource degradation no inverted U-shape is found, while for others the turning points differ across countries. The only thing that might be concluded is that the EKC provides some support for the claim “that environmental degradation is not an inevitable consequence of economic growth” (Levinson, 2008).